



MUNICIPAL AUTONOMY AND DEVELOPMENT PROJECT



HURRICANE MITCH DAMAGED INFRASTRUCTURE RECONSTRUCTION

***STATUS REPORT
AS OF MARCH 31, 2001***

Prepared for
La Agencia de los Estados Unidos
Para el Desarrollo Internacional
Contract
No. 524-0314-C-00-6002-00

Prepared by
PADCO, Inc.

MUNICIPAL AUTONOMY AND DEVELOPMENT PROJECT
HURRICANE MITCH DAMAGED INFRASTRUCTURE RECONSTRUCTION

STATUS REPORT

as of March 31, 2001

TABLE OF CONTENTS

A- NARRATIVE	PAG.
1 PROJECT OBJECTIVES	1
2 EXPECTED RESULTS	2
3 CURRENT MAJOR ACTIVITIES	2
4 MAJOR ACCOMPLISHMENTS AND OVERALL STATUS	3
5 ACTIVITIES NEXT QUARTER (April-June)	9
6 PROBLEMS AND DELAYS	9
 B- ADMINISTRATIVE INFORMATION	
1. GRANT INFORMATION	10
2. MANAGEMENT CONTRACT INFORMATION	10
3. PROJECTED EXPENDITURES NEXT QUARTER	10
 ANNEX 1	
ANNEX 2	

MUNICIPAL AUTONOMY AND DEVELOPMENT PROJECT
HURRICANE MITCH DAMAGED INFRASTRUCTURE RECONSTRUCTION
STATUS REPORT

as of March 31, 2001

A. NARRATIVE

The present report covers the activities implemented during the first fiscal year quarter 2001.

1 PROJECT OBJECTIVES

Not since the 18th century had Central America experienced as punishing a natural disaster as Hurricane Mitch. In addition to widespread loss of life, crops and housing, Mitch took a heavy toll on basic infrastructure in about 85 municipalities located primarily in the northern and northwestern areas of the country. The hurricane inflicted heavy damage to urban streets and rural roads, flood prevention and stormwater drainage works, and water and wastewater networks.

As part of US Program Grant Agreement to assist the Government of Nicaragua in post-Mitch reconstruction, USAID has contracted PADCO, Inc. to provide management and monitoring services for Component 5 Basic Infrastructure in Selected Mitch-Affected Municipalities Repair. The Component calls for the preparation and implementation on a grant basis of at least 20 basic infrastructure subprojects in selected Mitch affected municipalities. The subprojects will be implemented by three implementing Agencies, as follows:

- Fondo de Inversión Social de Emergencia (FISE), for all subprojects excluding those located in the Municipalities of León and Matagalpa.
- Municipality of León, for subprojects located in Leon;
- Municipality of Matagalpa, for subprojects located in Matagalpa.

The total amount of funding obligated for all subprojects, including design, supervision and administration costs, is US\$3,570,000.

The eligible sectors for subproject implementing are: repair of roads, streets, bridges and sidewalks; rehabilitation storm drainage system; cleaning streambeds within urban areas; restoration and reinforcement of culverts, embankments and retaining walls; and rehabilitation of water and sewer systems.

2 EXPECTED RESULTS

Following the disaster caused by hurricane Mitch, USAID approved a US\$3.57 million dollar grant in order to finance the reconstruction of the infrastructure damaged in the poorest municipalities of Nicaragua. PADCO was contracted to provide technical assistance in the selection, coordination and supervision of the execution of the sub projects included in this Project. The Project expected results are:

- 2.1 Subproject designs are technically appropriate.
- 2.2 The Construction documentation and contracting arrangements are complete and legally binding.
- 2.3 The rehabilitation projects are properly supervised and inspected by FISE.
- 2.4 All works are progressing on time.
- 2.5 All problems and bottlenecks are resolved.

3 CURRENT MAJOR ACTIVITIES

This section contains a summary of the main achievements in the reporting period.

- 3.1 Finalize pending project designs.
- 3.2 Contract at least 10 additional construction projects and their supervision.
- 3.3 Monitor and oversee contracted projects.
- 3.4 Review project approved cost and prepare proposal of revised cost schedule for USAID's approval.

4 MAJOR ACCOMPLISHMENTS AND OVERALL STATUS

This section contains the accomplishments as programmed, as well as, other non-programmed accomplishments resulting from anticipated or non-expected activities.

At the beginning of the quarter the overall status of the project was: 1) three sub projects were constructed (Posoltega, Matagalpa And Leon); 2) five (5) sub projects have completed the design phase, were sent to FISE for contracting and 3) fifteen (15) sub projects were pending design completion.

Of these 15 sub projects, five were under special conditions (Posoltega Drainage, Pueblo Nuevo Paving, Telpaneca, Mozonte And San Francisco Libre Rural Road Repairs). They were under implementation by the GON or other donors, or their identification/design was not completed. The remaining ten (10) subprojects were under design and required only minor details to be completed.

Giving the urgency to finalize the designs and to expedite the FISE contracting process, PADCO, at the request of the CTO, prepared a status report on January 19, 2000 and recommended the cancellation of the 5 sub projects under special conditions. PADCO also asked that USAID authorize FISE to directly contract out sub project construction and PADCO to utilize contract funds to directly finalize the 10 sub project designs still pending minor details and changes. These recommendations were discussed in a meeting with USAID where the PADCO Chief of Party committed himself to finalize the pending designs by February 15, 2001. It's important to note that with an estimated construction time for each one of the projects of 4 months, all sub project construction would have been finalized by December 31, 2001.

PADCO finalized all pending designs by February 15 and, after USAID approval, sent them to FISE for construction contracting. At that time, USAID asked PADCO to sent completed designs to USACE for further analysis.

On February 26, the USAID Mission advised FISE and PADCO that it was canceling 12 of the 23 initial sub projects and reducing the financing by \$ 1.5 million. The canceled sub projects included the 5 sub projects recommended for cancellation by PADCO, and 7 additional sub projects (Telica, Chinandega, Ciudad Dario, San Juan de Limay, Macuelizo, Ocotal And Santamaria) This action was taken based on the advice of the USACE that the 7 sub projects could not be completed before December 31, 2001. The Mission did not consult with PADCO before it made its decision.

4.1 Finalize pending project designs.

All pending project designs and specifications were completed in the period and were in the process of contracting when USAID decided to cancel some of them.

4.1.1 San Juan de Limay Storm Drainage and Riverbed cleaning (Quebrada Grande) with an estimated cost of US\$160,328.

The design was contracted by FISE with INCICO. The A&E made the modifications requested and delivered the revised design to FISE and PADCO for review in November, but the specifications were unacceptable and topographic details lacking. The design of this subproject was completed by INCICO with the aid of PADCO's Engineers. However, the USAID mission under advice from USACE has cancelled the implementation of this subproject.

4.1.2 Chinandega Channel and the Don Leon Bridge Reconstruction with an estimated cost of US\$135,246.

The design was contracted by FISE with GPM. PADCO delivered corrections to the first draft to FISE on 9/5/00. During this period the documents received were unacceptable. Bridge design and retaining wall was faulty and lacking a storm inlet design. PADCO asked FISE to promptly resolve these problems with the contractor who seems to lack the capacity to produce a sound design as required. The project design was completed by PADCO and was ready for contracting when USAID decided to cancel its implementation.

4.1.3 Santa María Bridge Reconstruction of the Sector Macuelizo-Santa María.

The design was contracted by FISE with CORASCO. PADCO sent FISE the first set of comments/corrections to be sent to the A&E. PADCO reviewed final drawings. CORASCO completed the design and FISE was ready for construction contracting but USAID decided to cancel the project.

4.1.4 Telica Community Las Marías's Bridge Reconstruction

The design was contracted by FISE with GPM. The design was delivered to the consultant by FISE with PADCO's observations on 9/5/00 and at the end of last quarter a review of drawings was completed, only lacking a recheck of soil borings and making improvements in specifications. PADCO completed the design and FISE was ready for construction contracting but USAID decided to cancel the project.

4.1.5 Macuelizo Bridge Reconstruction Rural Road.

The design was contracted by FISE with CORASCO. On 9/26/00 was sent to FISE with PADCO's comments to be delivered to the consultant. During last quarter the project was nearly complete, lacking only minor structural details. CORASCO completed the design and FISE was ready for construction contracting but USAID decided to cancel the project.

4.1.6 Ocotal Reconstruction of Two Bridges and Drainage in the Rural Road Ocotal-Macuelizo. This subproject was selected in place of the Totogalpa Rural Road Reconstruction.

The design was contracted by FISE with CORASCO on 7/11/00. On 9/26/00 the design was sent to FISE with PADCO's comments to be delivered to the consultant. CORASCO completed the design and specifications and FISE was ready for construction contracting but USAID decided to cancel the project.

4.1.7 Ciudad Darío. Storm drainage in Barrio San Antonio for an estimated length of 500 m.

The design submitted by INCICO was analyzed and commented by PADCO. Comments sent to A&E during last quarter mostly consisted of improving specifications and the inclusion of topographical and soil boring data on the plans. INCICO with PADCO assistance completed the design. FISE was ready for construction contracting but USAID decided to cancel the project.

Five projects were cancelled by USAID based on PADCO's recommendation, because their designs were not initiated for different reasons. These projects are:

4.1.8 Posoltega Street Paving and Storm Drainage in Urban Area (2)

Cancelled by USAID, after PADCO's recommendation

4.1.9 Pueblo Nuevo 5,000 m2 of Street Paving in Urban Areas.

Cancelled by USAID, after PADCO's recommendation

4.1.10 Mozonte Reconstruction of 12km of Rural Road Yaragüe-El Zapote.

Cancelled by USAID, after PADCO's recommendation

4.1.11 Telpaneca Rehabilitation of Rural Road Pinares- El Naranjo (10 km)

Cancelled by USAID, after PADCO's recommendation

4.2 Contract at least 10 additional construction projects and its supervision.

Eight construction projects were contracted during the quarter

4.2.1 Tipitapa Reconstruction of 1,265.4 m of Street Paving in Urban Areas with a contracted cost of C\$2,824,144

Redesign was contracted with CORASCO by FISE with a heavy involvement of PADCO staff. Final design was approved for "adoquin" pavement according to a cost analysis of three pavement types having the same structural values. The final cost of C\$2,406,348 has been contracted for construction on 12/26/2000. Construction was started and should be completed in early April. However, the contractor's difficulties in finding acceptable concrete blocks (quality and resistance) may indicate the need for a no cost extension of between 20 to 30 calendar days.

- 4.2.2 Estelí Storm Drainage in the Urban Area with an estimated cost of US\$141,804. The length of the drainage pipe is 1,300 m in an excavated and backfield trench.

The design was contracted by FISE with PROISA. PADCO's comments/corrections again were delivered to the consultant through FISE in November and requested corrections to specifications and plans as well as the completion of topography and geophysical exploration. PADCO completed the design for this project. The construction and supervision was contracted in late March.

- 4.2.3 Quezalguaque Storm Drainage in the Urban Area with an estimated cost of US\$74,509. The length of the paved open channel is approximately 300m and 1,250m of ditch to be deepened.

The design was contracted by FISE with GPM. PADCO made corrections to the first draft and sent them to GPM through FISE on 9/5/00. Corrections received during last quarter to the basic design concepts of GPM resulted in extremely high costs and did not comply with basic concept of relieving storm drainage in the area. PADCO gave instructions for reformulating the project and had to contract a different consultant, who completed in early February the project design. The construction and supervision were contracted in late March for a 90 days duration period.

- 4.2.4 Wiwilí Reconstruction of River Dock and connecting streets with an estimated cost of US\$ 91,394.

The design was contracted by FISE with PROISA. PADCO's comments/corrections were delivered again to the consultant through FISE in November. These pertained to very poor specifications and unacceptable pavement design. PADCO completed the design of the project using a different consultant. As of 03/31/01 the construction and supervision have been awarded but the contracts have not been signed. This project is expected to start in early April.

- 4.2.5 Palacagüina Street Paving in Urban Areas (4,200m²) with an estimated cost of CS1,959,772

The design was contracted by FISE with CORASCO and as of early December this example project was sent to the USACE for their comments, once approved by PADCO was sent to FISE for construction contract on 12/06/00. The project, with a 90-day duration, was contracted both for construction and supervision in mid March and is expected to be completed by mid June. As of today no problems are anticipated.

- 4.2.6 El Tuma/La Dalia Street Paving (adoquinado) of 6,423 m² in the Urban Area with an estimated cost of C\$1,911,375.

For this project the municipality was responsible for the design. PADCO delivered a third round of modifications to the municipality. Final corrections were incorporated in the documents, and specifications approved by PADCO and sent to FISE on 11/14/00 for construction contracting. The construction was started in late March and should to be finished by late June.

Two subprojects for rural road reconstruction have been contracted and initiated.

- 4.2.7 San Lucas Reconstruction of Rural Road San Lucas- Las Playitas (11km) with an estimated cost of C\$2,177,012

Documentation has been completed by FISE. Road construction was contracted and the project was initiated in late March for a 90-day period.

- 4.2.8 Yalagüina Rural Road Reconstruction in the sector Yalagüina- El Empalme with an estimated cost of C\$998,141

This project documentation has been completed by FISE and was contracted in late March for a 90-day implementation period.

Three subprojects already completed

- 4.2.9 Posoltega River Dike Project (600m) with an estimated cost of US\$300,000.

The project was contracted with IAGSA and is 100% completed with a real cost of US\$295,702. It was inaugurated on December 12, 1999.

- 4.2.10 León Storm Drainage in the Northern Section of the Urban Area with an estimated cost of US\$ 177,541. The length of the drainage is 650m. It was completed on July, 11th, 2000 and inaugurated.

- 4.2.11 Matagalpa Retention Wall in Rio Grande of Matagalpa Urban Area with an estimated cost of US\$184,344. The construction of the wall and sidewalks cover an area of 684m. and was contracted with PALSA. The project was inaugurated on July 12/00

4.3 Monitor and oversee contracted projects.

Due to USAID cancellation of 12 subprojects PADCO has decided to change its initial strategy for monitoring the projects, in such a way that

Engineers can provide a closer assistance to each project in execution and at the end of the construction phase they will prepare operation and maintenance manuals, train the municipal staff in project maintenance and assist FISE in project financial liquidation and delivery to the municipality. In fact, PADCO assigned Eng. Rafael Medina, based in Somoto, to supervise sub projects in the north (Yalaguina, San Lucas and Palacaguina); Eng. Javier Valdivia, based in Jinotega, to supervise Matagalpa, el Tuma/La Dalia and Wiwili,; Eng. Bernardo Gonzalez, based in Leon, to supervise Leon, Quezalguaque and Esteli,. In addition, expatriate Eng. Frank Dowe was visiting almost three weeks per month during this critical period.

- 4.4 Review project approved cost and prepare proposal for USAID revised cost schedule for its approval. Once the Wiwili project construction and supervision is contracted by FISE, PADCO will prepare for USAID approval project cost schedule. PADCO anticipates that it will happen by the middle of April.

5 ACTIVITIES NEXT QUARTER (April-June 2001)

- 5.1 Finalize the construction of two projects.
- 5.2 Monitor and oversee contracted projects three times a week for each project.
- 5.3 Provide technical support to FISE for the solution of technical project problems.
- 5.4 Provide technical support to the contractors for the solution of project technical problems.
- 5.5 Prepare periodical reports to USAID on project progress/status.

6 PROBLEMS AND DELAYS

PADCO completed the sub project designs and sent them to FISE. However, USAID decided to cancel the construction of 12 infrastructure projects leaving only those that in opinion of the USACE could be implemented by June. The construction phase in most of the projects is only now starting, so problems have not arose yet, except in the Tipitapa project, - where the contractor insists in using concrete blocks that do not comply with the resistance and quality required by the specifications.

B- ADMINISTRATIVE INFORMATION

1 Grant information

a- Total Grant	US\$ 2,070,000 *
Expenditures this period	302,973
Cumulative expenditures	1,122,039
Remaining balance	947,961

b- Implementation rate	54.2%
------------------------	-------

c- Projected expenditures next quarter	US\$ 733,361
--	--------------

2 Management Contract Information

a- Total estimated cost	US\$ 640,453
Expenditures this period	13,548 **
Cumulative expenditures	514,156
Remaining balance	126,296

b- implementation rate

Time elapsed	75.0%
Expenditures	80.2%

c- Projected Expenditures Next Quarter

April-June	US\$ 70,000
------------	-------------

* USAID reduced the project funding by \$1.5 million)

** Estimated

ANNEX 1

**HURRICANE MITCH
DAMAGED INFRASTRUCTURE
RECONSTRUCTION PROJECTS**

**STATUS REPORT
as of March 31, 2000**

ANNEX 2

PROJECTED DISBURSEMENTS

BY QUARTER

